# CHAPTER 8 OWATONNA, MINNESOTA

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#### **CHAPTER 8**

#### OWATONNA, MINNESOTA

Currently, the Dakota, Minnesota & Eastern Railroad Corporation (DM&E) does not own rail line through Owatonna, Minnesota, in Steele County, but operates over the Union Pacific (UP) rail line, via a trackage rights agreement, through town to connect the ends of its existing system on the east and west sides of Owatonna. UP does not operate trains over the section of line it owns (the same section which bridges the gap in DM&E's system). Thus, DM&E generally is able to operate with few, if any, restrictions upon its use of this UP rail line. As distinct from Mankato, DM&E did not propose any track changes in Owatonna to accommodate DM&E's proposed increased rail traffic through Owatonna on the UP line. However, DM&E proposed a new rail connection with the I&M Rail Link (I&M) system.

In its Application to the Board, DM&E proposed constructing a new 2.94-mile rail line to connect its existing rail line to the I&M system in Owatonna. SEA evaluated five alternatives for construction and operation of a new rail line connection between DM&E's existing rail line and I&M. The alternatives that SEA considered included two No-Action Alternatives, project denial (Alternative O-1) and approval of a rail line extension but denial of authority for the I&M connection (Alternative O-2). SEA evaluated three Action Alternatives (Figure 8-1), including construction and operation of the Applicant's 2.94-mile proposal (Alternative O-3), a 1.25-mile alternative (Alternative O-4), and an alternative within the City of Owatonna that would replace an existing rail diamond switch with a "Y" connection to connect with I&M (Alternative O-5). The "Y" connection would be located at an existing connection between the UP rail line, over which DM&E operates through Owatonna via trackage rights, and the I&M rail line. However, use of the connection is not currently feasible because the trackage rights agreement that DM&E has with UP prohibits DM&E from interchanging rail traffic along this portion of rail line.

In the Draft EIS, SEA determined that Alternative O-5 appears to be the environmentally preferable action alternative because it would require minimal upgrading on the existing rail line right-of-way.<sup>2</sup> However, SEA noted that Alternative O-5 could not be implemented without an agreement between UP and DM&E to connect with I&M. In the absence of such an agreement, SEA indicated that Alternative O-4 would be the environmentally preferable action alternative because it would minimize new rail line construction, resulting in less ground disturbance, less land converted to rail line right-of-way, less loss of prime farmland and disturbance to farming

<sup>&</sup>lt;sup>1</sup> In this chapter, the existing rail line through Owatonna owned by UP, but operated on by DM&E, will generally be referred to as "DM&E's existing line."

<sup>&</sup>lt;sup>2</sup> SEA concluded that the project's purpose and need would not be realized under the No-Action Alternatives (Alternatives O-1 and O-2), because there would be no connection to the I&M system or reconstruction of the existing line. SEA reaffirms those conclusions here.

operations and rural residences, less locomotive emissions, and one less grade crossing of a highway.

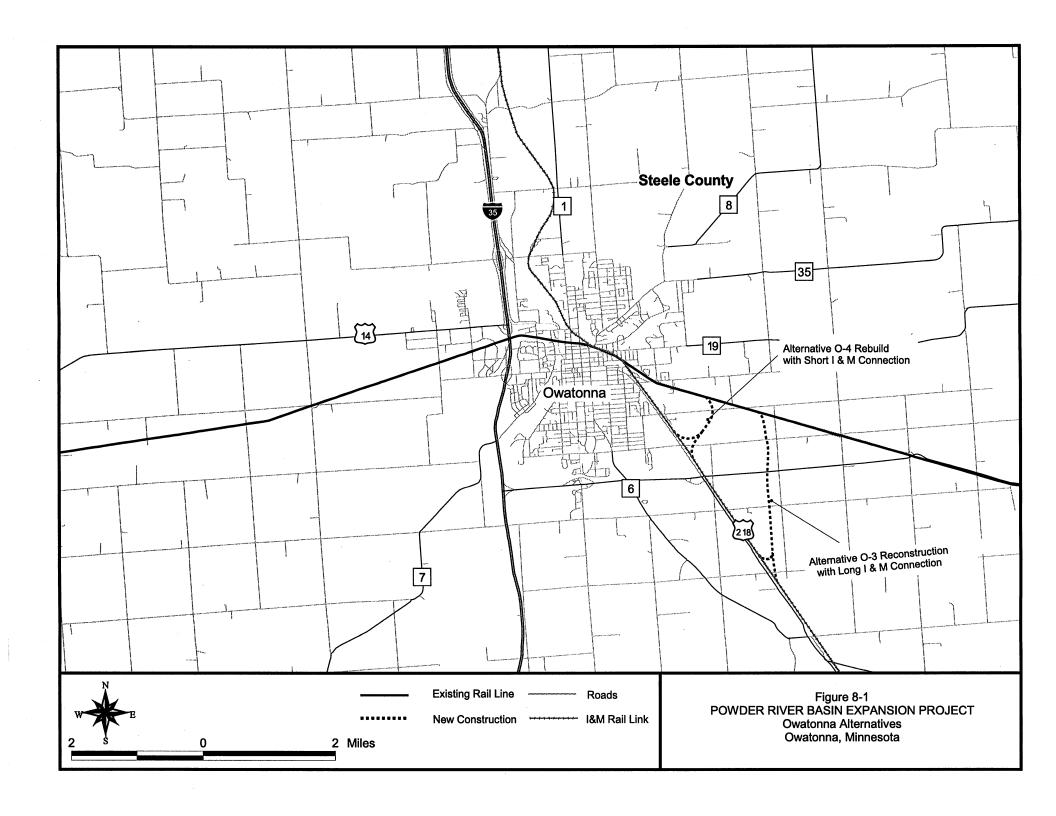
SEA received a variety of comments on the Owatonna portion of the proposed project. Commenters generally questioned why SEA had not evaluated the potential environmental impacts associated with project-related DM&E trains operating over the I&M rail line, particularly the train traffic that would pass through Owatonna on the I&M rail line. Commenters raised concerns about operational conflicts between DM&E and I&M trains in Owatonna that would magnify the potential impacts of project-related increases in rail operations. Commenters also expressed concerns regarding SEA's position that Negotiated Agreements would supercede Board-imposed local and site-specific mitigation, indicating that the Negotiated Agreement between Owatonna and DM&E addressing the community's environmental concerns does not provide a comprehensive mitigation package. Some commenters requested that SEA develop mitigation to minimize the potential impacts of increased rail operations along both the I&M and DM&E's existing rail line, particularly for wayside noise. SEA also received comments regarding potential wetlands impacts and future residential development. Further discussion in response to these comments is provided below.

Additionally, commenters noted that the detailed maps of the Owatonna alternatives in the Draft EIS (Volume V) were mislabeled. SEA has corrected these maps and included them as an attachment at the end of this chapter.

#### 8.1 SEA'S RECOMMENDATIONS

As discussed below, SEA received few comments on its analysis of the Owatonna alternatives in the Draft EIS. Issues requiring additional analysis or discussion included land use (future residential development) and wetlands. As discussed in this chapter, SEA does not believe that any of the Owatonna alternatives would have significant impacts on future residential development, although Alternative O-4 would potentially have the most impact on a developing residential area. Additionally, it does not appear that any of the Owatonna alternatives would have significantly different impacts on wetlands than those presented in the Draft EIS, although Alternative O-3 has the potential to affect the most wetlands, including farmed wetlands, because it is longer than the other alternatives.

Overall, after considering the additional analysis on the Owatonna alternatives, SEA believes its conclusion in the Draft EIS is appropriate. Alternative O-5 appears to be the environmentally preferable action alternative because it would require only minimal upgrading on the existing right-of-way. No new rail line construction or operation of additional rail line in a new location would be required.



But because Alternative O-5 could not be implemented without an agreement between UP and DM&E to connect with I&M, SEA has identified Alternative O-4 as the environmentally preferable action alternative in the absence of an agreement between UP and DM&E. Compared to Alternative O-3, Alternative O-4 would minimize new rail line construction, resulting in less ground disturbance (and the potential impacts on wetlands, vegetation, soils, and cultural resources associated with such disturbance), less land converted to rail line right-of-way, less loss of prime farmland, disturbance to fewer farming operations and rural residences, less locomotive emissions, and one less grade crossing of a highway.

SEA therefore recommends that, if the Board approves a connection between DM&E and I&M at Owatonna, DM&E be granted authority to construct and operate Alternative O-5, unless an agreement with UP cannot be reached. Alternatively, SEA would recommend that the Board approve Alternative O-4 for the DM&E connection to I&M.

#### 8.2 DM&E's OPERATIONS OVER THE I&M

In the Draft EIS, SEA conducted a detailed evaluation of the potential impacts of rehabilitation and increased rail operations along the existing rail line through Owatonna (Alternative O-2). As SEA explained, these impacts included increases in noise and vibration, potential delays to motorists and emergency vehicles, and potential increases in accident frequency.

Commenters expressed concern that SEA had not conducted an analysis of the potential operational impacts in Owatonna along the I&M rail line. Commenters stated that, because DM&E intended to interchange rail traffic with I&M at Owatonna, the proposed project operations would create additional impacts to the Owatonna environment along the existing I&M rail line. Commenters indicated that impacts to Owatonna would be particularly severe if the Board approved Alternative O-3 or Alternative O-4. Under these alternatives, eastbound trains, including unit coal trains, would be required to pass through Owatonna from the west, only to connect to the I&M and loop back to the north, passing through Owatonna again, this time from south to north. Trains would repeat the process in reverse as part of their return trip. Thus, Owatonna would be exposed to twice the anticipated rail traffic impact.

Additional comments pointed out that SEA evaluated the potential impacts of increased rail operations on the Canadian Pacific (CP) rail line in Winona, Minnesota. Therefore, these commenters stated, SEA should have evaluated the potential impacts of increased rail operations in Owatonna along the existing I&M rail line.

Regarding SEA's analysis of train traffic in the Winona area, DM&E's existing rail line terminates in Goodview, Minnesota. SEA indicated in the Final Scope of Study for this EIS that it was reasonably foreseeable that Goodview and Winona would be affected by the proposed project, and therefore, SEA would evaluate the potential impacts of the proposed project on these communities. SEA evaluated these impacts in response to numerous comments during public scoping, because these communities are close to the terminus of DM&E's system, and because it is reasonably foreseeable that train traffic from the terminus of the DM&E line would continue south on the CP line. Any train that did not interchange with another rail carrier at or before Owatonna would reach Goodview and Winona because no other points of interchange are located along the DM&E rail line. Also, it appeared reasonably foreseeable to SEA that DM&E trains reaching Goodview would likely interchange with CP and move southward through Winona as part of transport to the Chicago Gateway (one of DM&E's identified market areas). But because DM&E has not obtained contracts to transport coal to specific utilities, SEA is not able to predict the number of trains that will actually reach the terminus of the DM&E line. Trains destined for Midwestern locations would likely interchange at one of the other potential interchange locations (including Mankato and Owatonna, Minnesota) because these interchange locations provide more direct routes to markets in Minnesota, Wisconsin, Iowa, and Missouri. Therefore, SEA evaluated potential project-related impacts at three levels of operation (20, 50, and 100 million tons annually) to fully disclose the potential range of environmental impacts that could result from the proposed project in Goodview and Winona.

It is far more difficult to determine the reasonable and foreseeable levels of traffic that would move on the I&M through Owatonna. Because DM&E has not yet obtained coal contracts, SEA cannot reasonably predict the destinations and interchange points for coal traffic. Also, the trains interchanging with I&M at Owatonna may go south to markets in Iowa and Missouri or north, back through Owatonna, to markets in Minnesota and Wisconsin. Therefore, while it is likely that rail traffic would interchange between DM&E and I&M at Owatonna, SEA can only speculate on the level of potential traffic that would be moving north through Owatonna. Because no reasonably foreseeable estimate of DM&E rail traffic operating over the I&M rail line through Owatonna can be determined, SEA has not evaluated the potential impacts of additional trains interchanging with and operating on the I&M.

Regardless of how many trains DM&E might interchange with I&M, the greatest impacts of the project would occur along DM&E's existing rail line, which would be affected by every train that passes through Owatonna, even those that would not interchange with I&M but continue on to Goodview and Winona for interchange with CP or UP. While no reasonably foreseeable amount of rail traffic on the I&M rail line can be determined, it is likely that as overall rail traffic on the DM&E rail line increases (assuming that the Board gives final approval to the PRB Expansion Project), interchange with I&M also would increase, with some of this traffic

traveling back through Owatonna. However, as no accurate estimates for project-related interchanges are available, SEA lacked reliable information on which to develop a foreseeable scenario to evaluate. For all of these reasons, SEA has limited its analysis of project-related impacts in Owatonna to only the existing DM&E rail line.

Commenters also suggested that SEA develop mitigation to be imposed along the I&M rail line to mitigate the project-related impacts that would occur due to increased DM&E rail operations along that rail line. However, the I&M Rail Link has not sought any authority from the Board in this proceeding. Accordingly, there is no basis for SEA to recommend, or for the Board to impose, any mitigation requiring the I&M Rail Link to take any specific action to mitigate impacts of increased train traffic related to this project on its own rail line.

#### 8.3 MITIGATION ISSUES AND OWATONNA'S NEGOTIATED AGREEMENT

SEA stated in the Draft EIS that, as an alternative to the mitigation that the Board would unilaterally impose on DM&E (notwithstanding mitigation required by other Federal regulatory agencies that may have jurisdiction over potentially affected resources), DM&E and affected communities could negotiate mutually acceptable agreements to address potential environmental concerns. Negotiated Agreements could be with neighborhoods, communities, counties, cities, regional coalitions, states, and other entities. SEA explained in the Draft EIS that if DM&E submitted any Negotiated Agreements with communities or other entities to the Board, SEA would then recommend that the Board require compliance with the terms of any such agreements as environmental conditions in any final decision approving the proposed PRB Expansion Project. These Negotiated Agreements would supersede any local and site-specific environmental mitigation conditions for that particular community or other entity that SEA would otherwise recommend.

DM&E has submitted to the Board 51 Negotiated Agreements addressing environmental issues, including an agreement with Owatonna. Consistent with the Board's established precedent encouraging privately negotiated solutions and giving effect to Negotiated Agreements whenever possible, SEA will not interfere with the terms of the agreements negotiated by DM&E and the relevant community, through its elected representative(s).<sup>3</sup> Therefore, the recommended local and

<sup>&</sup>lt;sup>3</sup> <u>See Major Rail Consolidation Procedures</u>, STB Ex Parte No. 582 (Sub-No. 1) (STB served June 11, 2001).

site-specific mitigation measures listed in Chapter 12 apply only to those communities and other areas without Negotiated Agreements.<sup>4</sup>

To ensure implementation of all of the Negotiated Agreements, SEA recommends that the Board impose an environmental mitigation condition requiring that DM&E comply with each of the Negotiated Agreements. Moreover, if other Negotiated Agreements are executed and submitted to the Board after publication of this Final EIS, SEA recommends that the Board require compliance by imposing an appropriate environmental condition to replace the local and site-specific mitigation that otherwise would be imposed for that community or other entity.

Commenters on the Owatonna portion of the project expressed concern that the Owatonna Negotiated Agreement, while providing mitigation for train horn noise in the form of four-quadrant gates on both the DM&E and I&M rail line to facilitate potential future whistle-free train operations through those crossings, does not provide any mitigation for wayside noise. Commenters asked that SEA recommend mitigation to mitigate the potential impacts to residences along the existing rail line in Owatonna due to wayside noise.

In view of the Owatonna Negotiated Agreement, it would be inappropriate for SEA to recommend mitigation addressing specific noise receptors in Owatonna. Recommending that such mitigation be imposed in a community where an agreement has been successfully negotiated would defeat the purpose of Negotiated Agreements, which is to arrive at voluntary, mutually satisfactory arrangements between the railroads and the affected community.<sup>5</sup> Thus, the Board's consistent practice has been to decline to intervene in the parties' negotiations. Nor has the Board imposed restrictions on, or additions to, the content of the parties' negotiations.

SEA notes, however, that several of its recommended general mitigation conditions — which would apply to Owatonna — are designed to minimize wayside noise. These conditions, presented in Chapter 12, include replacement of old rail, ties, and ballast with upgraded materials (including continuously welded rail), maintenance and replacement of worn wheels ("flats"), lubrication of curves, removal of unnecessary rail switches, and other measures.

<sup>&</sup>lt;sup>4</sup> All of the general mitigation in this Final EIS, however, would apply to Owatonna and the other communities that have entered into Negotiated Agreements with DM&E. Specifically, with the exception of the grade crossing improvement mitigation, the mitigation for permanent fencing, and the wayside noise mitigation that would require DM&E to mitigate noise impacts that would be experienced by specific noise sensitive receptors in this Final EIS, all of the recommended general mitigation conditions in Chapter 12 would apply.

<sup>&</sup>lt;sup>5</sup> Negotiated Agreements by their very nature involve compromise and give and take, with neither party getting everything that it wants.

#### 8.4 WETLANDS IMPACTS

In the Draft EIS, SEA indicated that, based on review of National Wetland Inventory (NWI) maps, the only wetlands that would be potentially affected by any of the Owatonna Alternatives would be the approximately 3.9 acres of wetlands within the existing DM&E right-of-way. No additional wetlands would be affected by off right-of-way construction associated with Alternatives O-3 and O-4. Nearly the entire length of both these alternatives would be across currently farmed crop fields.

Commenters on the Draft EIS indicated that farmed wetlands occur along the Owatonna alternatives. Farmed wetlands are classified by the Natural Resource Conservation Service (NRCS) as areas that contain wetlands soils and hydrology but under normal circumstances are farmed. However, if farming activities are discontinued, wetlands vegetation would re-establish and develop. Because they are regularly tilled and in crop production, farmed wetlands are not generally identified on NWI maps. Additionally, as historic data is often necessary to accurately identify farmed wetlands, they are not readily apparent, except during years when they are too wet to farm and wetland(s) vegetation is present. SEA did not identify any farmed wetlands affected by the proposed Owatonna alternatives in the Draft EIS.

Based on site visits conducted in May, 2001, SEA agrees that farmed wetlands could be present along the right-of-way for the Owatonna alternatives, particularly Alternatives O-3 and O-4. These wetlands areas, however, would likely be confined to drainage ditches and small low areas and narrow swales within larger agricultural fields. Neither Alternative O-3 nor O-4 is expected to have a significant impact on farmed wetlands, possibly converting only an acre or two to rail line right-of-way. Because Alternative O-4 would be about half the length of Alternative O-3 (1.7 miles of rail line construction verses 3.2 miles<sup>6</sup>), Alternative O-4 would be expected to have fewer impacts on wetlands than Alternative O-3. Therefore, Alternative O-4 would be preferred over Alternative O-3 regarding potential wetlands impacts.

Because Alternative O-5 would not involve any impacts outside the existing rail corridor, it would not result in any impacts on farmed wetlands. Therefore, Alternative O-5 would have the least wetlands impacts of the Action Alternatives, followed by Alternative O-4. These results support SEA's conclusion in the Draft EIS that Alternative O-5 is the environmentally preferred alternative, followed by Alternative O-4. SEA notes that any specific impacts to farmed wetlands

<sup>&</sup>lt;sup>6</sup> The length of these alternatives would be approximately 2.94 miles for Alternative O-3 and 1.25 miles for Alternative O-4. However, additional rail line construction would be necessary to configure the connection to allow trains to move north and south on the I&M rail line.

resulting from the construction of Alternative O-4 would be addressed as part of the COE 404 permit process for the project.

#### 8.5 FUTURE RESIDENTIAL DEVELOPMENT

Potential impacts to residential land as a result of construction and operation of the Owatonna alternatives were discussed in the Draft EIS (Chapter 3). SEA determined that all the Owatonna alternatives would potentially affect approximately 1.5 miles of adjacent residential lands. All of these lands are currently developed and are immediately adjacent to the existing rail line through Owatonna (the majority of which is owned by UP). SEA also recognized that residential growth is occurring in rural areas surrounding Owatonna, including areas to the southeast of town, where Alternatives O-3 and O-4 would be located. SEA indicated that Alternative O-3 would likely have a greater impact on rural residential development because it is longer and runs through more rural areas. In contrast, Alternative O-4 — although not without impact — would affect a minimal amount of land already in proximity to both the existing DM&E rail line and the existing I&M rail line.

Commenters on the Owatonna alternatives, including the City of Owatonna, requested additional analysis of the potential impacts to existing and future residential development. The City of Owatonna indicated that additional residential development will occur in the area of Alternative O-4. These comments were consistent with SEA's statements in the Draft EIS that residential development in the area of Alternatives O-3 and O-4 was occurring, anticipated to occur, or planned.

In response to these comments, SEA conducted a field visit in May 2001, along the Owatonna alternatives, particularly the alignments for Alternatives O-3 and O-4. This field investigation confirmed the existing residential land development reported in the Draft EIS for Alternatives O-3 and O-4, but identified no developed or developing residential lands that would be crossed by either alternative. As described in the Draft EIS and below, SEA identified residential areas in proximity to Alternative O-4.

SEA contacted the City of Owatonna for any information showing the location of planned or anticipated residential growth in the Alternative O-3/O-4 area. The City of Owatonna provided SEA with a map of a platted<sup>7</sup> development in the area where Alternative O-4 would connect with the I&M Rail Link. This development includes three phases. Phase 1 (which is

<sup>&</sup>lt;sup>7</sup> Platted developments include those which may not yet be completed but for which plans and layout of lots have been submitted and approved by the appropriate local entity. As such, they are more than just anticipated or desired and would generally be considered the same as existing development.

bordered on the west side by the I&M rail line and is approximately 1,200 feet from the existing DM&E rail line) consists of 37 lots, of which 9 are adjacent to the I&M rail line, and has houses on it. Phase 2, located adjacent to and south of phase 1, consists of 15 lots that are currently for sale. Phase 2 is approximately 200 feet from the existing I&M rail line and would be approximately 400 feet from Alternative O-4. Phase 3 consists of 22 lots, 11 of which are adjacent to the I&M rail line. No lots in this area are currently for sale. The City of Owatonna also indicated that services for residential development, such as roads, would be extended from this development into adjacent areas. These areas, however, are currently unplatted.

As described above, the volume of DM&E coal traffic that would interchange with the I&M Rail Link is highly speculative; therefore, the level of impact to future residential areas that would be associated with this interchange can only be presented in general terms. The potential impacts to this future residential development would be similar to what is reported for other residential land, including increased noise, traffic delays, and safety concerns during construction and operation, and potential decreases in property value during operation. The following provides a discussion of the potential impacts of Alternatives O-3, O-4, and O-5 upon this future residential development.<sup>8</sup>

#### Alternative O-3: Reconstruction of Existing Rail Line with 2.9 miles I&M Connection

The connecting track for Alternative O-3 would depart DM&E's main line approximately 2.0 miles east of Owatonna. It would extend 2.9 miles south, crossing three roadways. There are two homes approximately 500 feet, one approximately 600 feet, and two approximately 800 feet from this alternative. The City of Owatonna's planning and zoning office is not aware of any future development in this area. Therefore, Alternative O-3 should have little, if any, impact on future residential development.

#### Alternative O-4: Reconstruction of Existing Rail Line with 1.25 miles I&M Connection

The connecting track for Alternative O-4 would depart DM&E's main line approximately 1.2 miles east of Owatonna. It would curve 1.25 miles towards the southeast, then southwest crossing two roadways. The nearest existing home is approximately 700 feet from the proposed rail line; two other homes are approximately 1,000 feet from the proposed rail line. A residential development is located approximately 1,300 feet from the proposed rail line. SEA conducted a field visit to this area and noticed no evidence of future development in the area of the proposed

<sup>&</sup>lt;sup>8</sup> Only Alternatives O-3, O-4, and O-5 are discussed, as they would be the only alternatives to affect this area.

connecting rail line. However, the planning and zoning office in Owatonna has informed SEA, as noted above, of an area platted for future residential development. Additionally, water and sewer lines are being installed to serve this area.

Based on the information from the City of Owatonna, this new residential development would be in the general location where the DM&E connection would meet the I&M Rail Link. Alternative O-4 would not cross any currently platted areas. However, some of the southern lots, (part of phases 2 and 3), would be nearly adjacent to the portion of Alternative O-4 that would allow trains to connect with and travel north on the I&M rail line.

As described above, the level of traffic on Alternative O-4 is highly speculative, but likely would be less than the project-related traffic levels on the existing rail line because some trains would not interchange with I&M, but would travel on to Goodview. These trains would pass adjacent to this residential development, resulting in increases in noise, vehicle (including emergency vehicle) delay and the potential for accidents at existing grade crossings of the I&M rail line that providing access to this area. The potential impacts of Alternative O-4 would also likely be less than those on the existing rail line. Therefore, SEA has determined that Alternative O-4 would not result in significant impacts to planned residential developments or provide a significant deterrent to future development.

## Alternative O-5: Reconstruction of Existing Rail Line and Reconstruction of Existing I&M Connection

For Alternative O-5, only DM&E trains interchanging with I&M and traveling south on the existing I&M rail line would affect the identified future development. As noted above, the level of traffic interchanging with the I&M Rail Link is highly speculative. Nevertheless, the traffic on Alternative O-5 that could affect the planned residential development is likely to be less than project-related traffic on the existing DM&E rail line and on Alternative O-4 (both northbound and southbound traffic on the I&M Rail Link would affect the planned residential development under Alternative O-4). These trains would pass adjacent to this residential development, resulting in increases in noise, vehicle and, potentially emergency vehicle delay, and the potential for accidents at the existing grade crossings of the I&M rail line providing access to this area. Consequently, SEA has determined that Alternative O-5 would not result in significant impacts to planned residential developments or provide a significant deterrent to future development and that the potential impacts of Alternative O-5 are less than those of Alternative O-4.

#### 8.6 CONCLUSION

For the reasons discussed above, if the Board gives final approval to the PRB Expansion Project, SEA recommends that DM&E be granted authority to construct and operate Alternative O-5. If an agreement between DM&E and UP cannot be reached, SEA alternatively would recommend Alternative O-4.

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### **ATTACHMENTS**

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